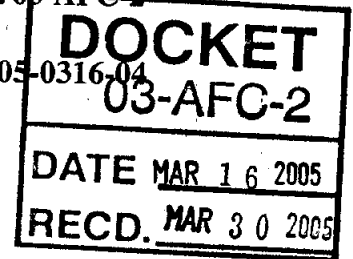


**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION
OF THE STATE OF CALIFORNIA**

APPLICATION FOR CERTIFICATION
FOR THE **LOS ESTEROS CRITICAL
ENERGY FACILITY 2, (PHASE 1)**
(LOS ESTEROS 2)

DOCKET No. 03-AFC-2

ORDER No. 05-0316-04



COMMISSION ADOPTION ORDER

This Commission Order adopts the Commission Decision on the Los Esteros Critical Energy Facility 2, Phase 1. It incorporates the Presiding Member's Proposed Decision (PMPD) in the above-captioned matter. The Commission Decision is based upon the evidentiary record of these proceedings (Docket No. 03-AFC-2) and considers the comments received at the March 16, 2005, business meeting and at the March 14, 2005, Committee Conference. The text of the attached Commission Decision contains a summary of the proceedings, the evidence presented, and the rationale for the findings reached and Conditions imposed.

This ORDER adopts by reference the text, Conditions of Certification, Compliance Verifications, and Appendices contained in the Commission Decision. It also adopts specific requirements contained in the Commission Decision which ensure that the facility as relicensed, will be designed, sited, and operated in a manner to protect environmental quality, to assure public health and safety, and to operate in a safe and reliable manner.

FINDINGS

The Commission hereby adopts the following findings in addition to those contained in the accompanying text:

The Los Esteros Critical Energy Facility 2, Phase 1 Project, sponsored by the Los Esteros Critical Energy Facility, LLC, a wholly-owned subsidiary of Calpine Corporation, will continue to provide local economic benefits and electricity reliability to the Santa Clara County area. Phase 1 is a relicensing of the 180 MW simple-cycle, gas fired power plant that was originally licensed for a 3-year period in July 2002 in Proceeding 01-AFC-12.

The Conditions of Certification contained in the accompanying text, if implemented by the project owner, ensure that the project, as relicensed, will continue to be operated in conformity with applicable local, regional, state, and federal laws, ordinances, regulations, and standards, including applicable public health and safety standards, and air and water quality standards. Implementation of the Conditions of Certification contained in the accompanying text will ensure continued protection of environmental quality and assure reasonably safe and reliable operation of the

facility. The Conditions of Certification also assure that the relicensed project will neither result in, nor contribute substantially to, any significant direct, indirect, or cumulative adverse environmental impacts.

The evidence of record establishes that no feasible alternatives to the project, as described during these proceedings, exist which would reduce or eliminate any significant environmental impacts of the mitigated project.

The evidence of record establishes that an environmental justice screening analysis was conducted and that relicensing the project will not have a disproportionate impact on low-income or minority populations.

The evidence of record does not establish the existence of any environmentally superior alternative site.

The Decision contains a discussion of the public benefits of relicensing the project as required by Public Resources Code section 25523(h).

The Decision contains measures to ensure that the planned, temporary, or unexpected closure of the project will occur in conformance with applicable laws, ordinances, regulations, and standards.

The proceedings leading to this Decision have been conducted in conformity with the applicable provisions of Commission regulations governing the consideration of an Application for Certification and thereby meet the requirements of Public Resources Code sections 21000 et seq. and 25500 et seq.

ORDER

Therefore, the Commission ORDERS the following:

The Application for Certification of the Los Esteros Critical Energy Facility 2, Phase 1 as described in this Decision is hereby approved and a certificate to continue to operate the facility for the life of the project is hereby granted.

The approval of the Application for Certification is subject to the timely performance of the Conditions of Certification and Compliance Verifications enumerated in the accompanying text and Appendices. The Conditions and Compliance Verifications are integrated with this Decision and are not severable therefrom. While the project owner may delegate the performance of a Condition or Verification, the duty to ensure adequate performance of a Condition or Verification may not be delegated.

This Decision is adopted, issued, effective, and final on March 16, 2005.


1. Reconsideration of this Decision is governed by Public Resources Code, section 25530.
2. Judicial review of this Decision is governed by Public Resources Code, section 25531.

3. The Commission hereby adopts the Conditions of Certification, Compliance Verifications, and associated dispute resolution procedures as part of this Decision in order to implement the compliance monitoring program required by Public Resources Code section 25532. All conditions in this Decision take effect immediately upon adoption and apply to all construction and site preparation activities including, but not limited to, ground disturbance, site preparation, and permanent structure construction.
4. The Executive Director of the Commission shall transmit a copy of this Decision and appropriate accompanying documents as provided by Public Resources Code section 25537 and California Code of Regulations, title 20, section 1768.

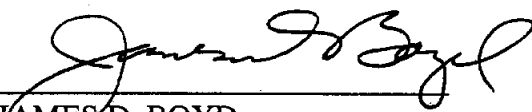
Dated: March 16, 2005, at Sacramento, California.

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND
DEVELOPMENT COMMISSION


VACANT
Chair



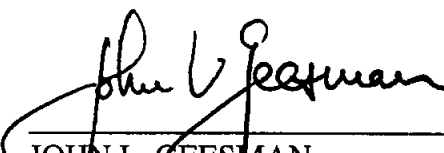
JACKLYNE PFANNENSTIEL
Vice Chair



JAMES D. BOYD
Commissioner



ARTHUR H. ROSENFELD
Commissioner



JOHN L. GEESMAN
Commissioner